

## Message Text

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45

ACTION AF-06

INFO OCT-01 EUR-12 IO-10 ISO-00 XMB-04 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

SP-02 FEAE-00 OMB-01 /126 W  
----- 033886

R 081324Z OCT 75

FM AMEMBASSY PRETORIA  
TO SECSTATE WASHDC 2873  
INFO AMCONSUL CAPE TOWN  
AMCONSUL DURBAN  
AMEMBASSY GABORONE  
AMCONSUL JOHANNESBURG  
AMEMBASSY MASERU  
AMEMBASSY MBABANE  
AMEMBASSY PARIS  
USDEL MTN GENEVA

UNCLAS PRETORIA 3847

PARIS FOR OECD

E.O. 11652: N/A

TAGS: SF, EGEN

SUBJ: ANTI-INFLATION CAMPAIGN

1. IN CEREMONY IN PRETORIA OCTOBER 7 GOVERNMENT AND PRIVATE SECTOR  
REPS SIGNED " MANIFESTO" OF " COLLECTIVE CAMPAIGN AGAINST INFLATION".  
DOCUMENT SIGNED BY NINE MINISTERS AND SIXTEEN REPS OF  
PRIVATE SECTOR, INCLUDING CHAMBERS OF COMMERCE, CHAMBERS OF  
INDUSTRIES, PRESIDENTS OF ASSOCIATIONS OF SPECIFIC INDUSTRIES,  
CHAMBER OF MINES, AGRICULTURAL UNION, TRADE UNION COUNCIL, AND  
CONSUMER COUNCIL. SUMMARY OF PRINCIPAL ELEMENTS THIS 28 PAGE  
DOCUMENT FOLLOWS WITH COMMENT AND ANALYSIS BY SEPTTEL.

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2. MANIFESTO CALLS INFLATION " SERIOUS THREAT TO THE MAINTENANCE OF SOCIAL PEACE AND OUR COUNTRY'S EXISTING ECONOMIC SYSTEM", ASSERTS NEED FOR ACTION, ABJURES DIRECT CONTROLS, EXPRESSES CONFIDENCE IN VOLUNTARY MEASURES.

3. " CAMPAIGN" CONSISTS OF FIVE MAIN ELEMENTS: EDUCATIONAL PROGRAM, EFFORTS TO IMPROVE PRODUCTIVITY, GOVERNMENT FISCAL EFFORTS, GOVERNMENT " ACTION WITH REGARD TO LEGISLATION" HAVING AN INFLATIONARY EFFECT, RESTRAINT IN WAGE DEMANDS AND PRICE INCREASES.

4. EDUCATIONAL PROGRAM DESIGNED TO INFORM PUBLIC OF DANGERS OF INFLATION AND TO URGE " POSITIVE CONTRIBUTION" FROM EVERYBODY.

5. PRODUCTIVITY PROGRAM CONCENTRATES ON BETTER USE OF LABOR OF ALL RACES AND BOTH SEXES, IMPROVED TRAINING, INCREASED EFFORTS TO ATTRACT WHITE IMMIGRANTS, RELAXATION ON RESTRICTIONS ON RATIO OF BLACK TO WHITE WORKERS.

6. GOVERNMENT FISCAL MEASURES TO INCLUDE PROMOTION OF COST/BENEFIT ANALYSES WITHIN GOVERNMENT, CURTAILMENT OF EXPENDITURES " WHEREVER POSSIBLE", EXPANSION OF INFRASTRUCTURE TO AVOID BOTTLENECKS, REDUCED RELIANCE ON BANK CREDIT TO FINANCE DEFICIT, EFFORTS TO ENCOURAGE LOCAL GOVERNMENT TO REDUCE SPENDING, CLOSE SUPERVISION OF SPENDING BY STATE CORPORATIONS AND AGRICULTURAL CONTROL BOARDS. GOVERNMENT AND RESERVE BANK ALSO UNDERTAKE TO INSURE THAT MONEY SUPPLY DOES NOT INCREASE " EXCESSIVELY", AND TO INVESTIGATE POSSIBILITY OF FAVORING INVESTMENT OVER CONSUMPTION IN EXTENSION OF BANK CREDIT. GOVERNMENT WILL ALSO STUDY TAX INCENTIVES TO ENCOURAGE INVESTMENT, WAYS OF MAKING LOCAL AUTHORITIES LESS DEPENDENT ON LOAN CAPITAL, TAX CHANGES TO ENCOURAGE WOMEN TO SEEK EMPLOYMENT, POSSIBILITY OF REPLACING SALES TAX WITH RETAIL TURNOVER TAX.

7. POSSIBLE CHANGES IN LEGISLATION AND REGULATIONS WOULD ENCOURAGE CONSTRUCTION OF MORE MODEST PUBLIC BUILDINGS AND WOULD RELAX GENERAL BUILDING STANDARDS. GOVERNMENT WILL ALSO LOOK INTO SYSTEM UNDER WHICH ARCHITECTS ARE PAID PERCENTAGE OF COSTS, THUS ENCOURAGING HIGH COST BUILDINGS. ALSO TO BE INVESTIGATED ARE REGULATIONS CAUSING DELAYS IN ESTABLISHING NEW UNCLASSIFIED

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TOWNSHIPS, SIMPLIFICATION OF COURT PROCEDURES IN MINOR CASES, SIMPLIFICATION OF REGISTRATION PROCEDURES FOR BLACK LABOR. GOVERNMENT ALSO PROMISES BETTER CONSULTATION WITH PRIVATE SECTOR ON NEW LEGISLATION.

8. TRADE UNIONS UNDERTAKE TO LIMIT DURING COMING SIX MONTHS WAGE DEMANDS TO 70 0/0 OF RISE IN CONSUMER PRICE INDEX ( EXCEPT FOR WORKERS BELOW " MINIMUM LIVING LEVELS", I.E.

ESSENTIALLY BLACKS).

9. UNDERTAKINGS BY BUSINESS ARE TO LIMIT PRICE INCREASES  
( DURING SAME SIX MONTH PERIOD) TO 70 0/0 OF COST INCREASES, I.E. TO  
" SWALLOW" 30 0/0 OF COST INCREASES. BUSINESS WOULD ALSO FOREGO  
PRICE INCREASES THAT WOULD RAISE RETURN ( BEFORE TAX AND  
INTEREST ON LOANS) ABOVE 15 0/0 OF CAPITAL EMPLOYED. AGRICULTURE  
WILL ALSO TRY TO ABSORB 30 0/0 OF COST INCREASES. ALL GROUPS  
UNDERTAKE NOT TO TRY TO RECOUP THE 30 0/0 AT A LATER STAGE.  
BUSINESSES UNDERTAKE NOT TO WITHHOLD SUPPLIES, TO DROP RESALE  
PRICE MAINTENANCE AND " PRICE DISCRIMINATION".  
BOWDLER

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, ANTIINFLATIONARY PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1975PRETOR03847  
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**Document Unique ID:** 00  
**Drafter:** n/a  
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**Film Number:** D750349-0852  
**From:** PRETORIA  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1975/newtext/t19751070/aaaackfg.tel  
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**Office:** ACTION AF  
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**Subject:** ANTI-INFLATION CAMPAIGN  
**TAGS:** EGEN, ECON, SF  
**To:** STATE  
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